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The Trend in Finance

Sharp Swings in Business Activity Show Need of Frequent Reports to Stockholders of Earnings of Corporations

TO THOSE who envisage the security markets primarily as places for the actual purchase and sale of stocks and bonds, rather than as a mere hunting ground for the enrichment of professional speculators, recent events in the business world carry a lesson of broad application. Industry in late months has been going through a period of transition from excited post-war activity to a state of relative depression. Earnings in 1919 furnish little clue to what they will be for 1920, as those who are worrying about the income of the Treasury through tax payments next year so well realize.

A radical change has come quickly. It has affected the status of many companies and has been discounted in part by more than a year of falling security prices. When reports of income are made public stockholders are often shocked, and the emotion is frequently reflected by a severe break in the market. The drastic character of the swings illustrates the desirability of continuous, instead of spasmodic, knowledge on the part of stockholders regarding the affairs of the corporation in which they are interested. Enterprises that publish absolutely no statement of earnings have no right to ask the public to purchase their securities. Corporations whose stocks are listed are required to publish periodical statements. Instead of annual and semi-annual statements monthly reports are more to be desired. To do so perhaps requires unusual accounting efforts, but some corporations each month are demonstrating the feasibility of this system, which tends to put all stockholders on an equal footing. Such a policy of unremitting publicity would make the task of the purveyor of malicious rumors almost insuperable.

As a guide to the future, the fluctuations in the stock market last week were of little value. They added to the confusion instead of effecting it. Prices at the beginning of the week ebbed with sensational velocity and quickly recovered on Tuesday. Then on the next two days, with the rest of unusual activity over, the market lapsed into dullness, gradually losing the re-traced ground. Finally, a spectacular break in the sugar stocks was sufficient to drag the average price of thirty representative industrial stocks below Monday's level to the lowest price of the year. After much ado at the marketplace, the net result of the week's trading was insignificant, as fluctuations tended to offset one another.

The ticker revealed that those who attributed much of the urgency of the selling on Monday and on the last few days of the previous week to the rush of individuals and corporations to turn securities into cash with which to pay the last installment on their taxes on December 15 were correct. The taxes due were against income and profits earned during 1919—the year of widespread prosperity—and the date of payment happened to fall on a day many months later, after earnings had dwindled and in many instances borrowing capacity had been exhausted. The excited tossing of stocks on the marketplace during the last few days before the due date represented a final effort of those who had been holding back in the hope that the Bureau of Internal Revenue would defer the time of payment, in view of the prevailing conditions of industry in the credit market. But since the Treasury needs the funds currently, and is in fact compelled to borrow against taxes in advance, no postponement was granted. The removal of this hope broke the dam which had been checking the stream of offerings.

After selling for this particular purpose subsided the trend of prices turned rapidly, quickly rebounding. The upturn was facilitated by the decision of many who had gone short of stocks in order to profit from the decline to establish their gains by covering. The recovery was so sharp that it induced new short selling, and with trading on a diminished scale and liquidation playing a relatively smaller part than earlier in the week, the market drifted back to fresh low levels.

When the rate of sterling bills on London rose above \$3.54 last week, it had recovered fully 20 cents to the

point from the low of a few weeks ago, when sterling was severely depressed. The other exchanges have shown a similar rallying tendency. The movement in sterling is a seasonal development, incidental to the settling up of international accounts, which has necessitated the purchase of sterling here for remittance to London and elsewhere. Moreover, the pressure of offerings which pushed rates down so sharply a while ago has been lifted.

Extraordinary shifting of banking funds, incidental to United States Treasury operations on an unusual scale in connection with tax payments, war loan interest disbursements and certificates of indebtedness subscriptions have had surprisingly little effect upon money rates. Wall Street has been able to cover its needs for stock market purposes at 6 and 7 percent in the call loan market, where the rates have shown a marked degree of stability. Easier conditions have been reflected in the movement of rates on time loans secured by Stock Exchange collateral, quotations dropping from 7 1/2 to 7 3/4 percent. Special loans were arranged at 7 percent, but the total of time operations placed was small. The demand for credit for stock market uses has contracted greatly in recent months. The drastic scaling down of stock prices makes it possible to finance stock operations with less money. Moreover, people have not been buying stocks. The whole stock market loan account is estimated at not more than \$750,000,000 at present, compared with a total of upward of \$1,500,000,000 at the peak of the 1919 boom.

The United States, however, at the end of November still had a favorable balance in trade with the other nations of the world for the first eleven months of the year of \$2,494,205,578. Exports up to December 1 were \$7,507,325,429 and imports for the same period were \$5,013,117,932. The balance of trade in favor of the United States at the beginning of November amounted to \$2,548,205,578.

The November trade figures give the first opportunity to estimate with any degree of exactness the foreign trade of the United States for the year 1920. Values of imports may be expected to reach \$5,225,000,000, which would compare with imports of \$3,904,000,000 last year. Exports, the figures indicate, may be expected to equal, if not exceed, last year's record total of \$7,920,000,000.

Exports of gold in November amounted to \$19,869,757, as compared with \$25,912,239 the previous month. Silver exports last month were \$3,143,876, while in October they amounted to \$5,708,601. Silver exports last month reached the low point of the year.

Imports of gold in November were \$56,384,786, as against \$116,762,000 in October. Silver imports were \$5,025,450, which compares with \$4,912,050,

Transactions Last Week in Listed Stocks

Summary of Stock Exchange Dealings

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Stocks	Last week		Year		January 1 to date	
	1920	1919	1920	1919	1920	1919
Railroad stocks	2,041,700	1,583,100	1,929,100	43,316,700	73,609,500	35,815,600
Other stocks	3,567,700	3,325,100	3,611,800	172,388,500	280,991,700	105,998,800
All stocks	5,608,600	4,888,200	5,540,900	215,715,200	354,601,200	141,814,400

Bonds	Last week		Year		January 1 to date	
	1920	1919	1920	1919	1920	1919
U. S. government bonds	\$96,687,000	\$64,425,000	\$113,317,000	\$2,912,600,000	\$2,671,256,000	\$1,131,000,000
Railroad bonds	13,021,000	13,111,000	10,644,000	314,316,000	188,527,000	188,527,000
Other bonds	22,786,000	19,204,000	19,615,000	396,116,000	405,116,000	405,116,000
All bonds	132,494,000	96,740,000	143,576,000	3,624,032,000	3,264,899,000	1,724,643,000

High	Date	Low	Div.	1920		1919	
1920	Mar 31	1920	Dec 17	Adams Express	700 26 1/2	26 1/2	15 1/2
46 1/2	Mar 29	46 1/2	Dec 17	Advance Rumsell	2100 15 1/2	15 1/2	15 1/2
72	Jan 24	72	Dec 17	do pf	700 48 1/2	48 1/2	48 1/2
88 1/2	Jan 5	88 1/2	Dec 13	Ajax Rubber	3100 28 1/2	28 1/2	28 1/2
23 1/2	Mar 31	23 1/2	Dec 17	Alaska Gold Mines	4500 1 1/2	1 1/2	1 1/2
87	Dec 15	87	Dec 15	Alaska Juncos	1600 1 1/2	1 1/2	1 1/2
62 1/2	Sept 17	62 1/2	Dec 14	Allied Chem & Dye	1700 8 1/2	8 1/2	8 1/2
82 1/2	Nov 12	82 1/2	Dec 16	do pf	900 87 1/2	87 1/2	87 1/2
83 1/2	Jan 3	83 1/2	Aug 9	Allis-Chalmers	6000 30 28 1/2	28 1/2	28 1/2
92 1/2	Jan 9	92 1/2	Dec 8	Amer Agr Chem	700 71 1/2	71 1/2	71 1/2
95	Jan 30	95	Dec 8	do pf	2000 82 1/2	82 1/2	82 1/2
50 1/2	Jan 16	50 1/2	Dec 16	Amer Bank Note	200 44 1/2	44 1/2	44 1/2
43 1/2	Apr 1	43 1/2	Feb 13	Amer Beet Sugar	9800 50 38 1/2	38 1/2	38 1/2
103 1/2	Jan 15	103 1/2	Aug 16	Am Bosch Magneto	100 59 1/2	59 1/2	59 1/2
93	Jan 5	93	Oct 28	Amer Brake S & F	300 48 1/2	48 1/2	48 1/2
128 1/2	Jan 2	128 1/2	Dec 10	Amer Radiator	1000 41 1/2	41 1/2	41 1/2
60	Jan 26	60	Nov 19	Amer Safe	1400 25 22 1/2	22 1/2	22 1/2
101	Jan 2	101	Dec 18	Amer Sash & Door	1400 25 22 1/2	22 1/2	22 1/2
147 1/2	Jan 9	147 1/2	Nov 19	do pf	4500 80 72 1/2	72 1/2	72 1/2
116 1/2	Jan 5	116 1/2	July 7	Amer Steel & Wire	3400 128 1/2	128 1/2	128 1/2
54 1/2	Jan 3	54 1/2	Dec 17	Amer Cotton Oil	8300 17 1/2	17 1/2	17 1/2
34 1/2	Mar 26	34 1/2	Dec 16	do pf	100 64 60 1/2	60 1/2	60 1/2
15 1/2	Jan 9	15 1/2	Feb 6	Am Drug Syndicate	4700 7 1/2	7 1/2	7 1/2
175 1/2	Mar 2	175 1/2	Dec 18	Amer Hide & Leather	2800 11 1/2	11 1/2	11 1/2
30 1/2	Jan 31	30 1/2	Dec 18	do pf	400 45 1/2	45 1/2	45 1/2
122 1/2	Jan 3	122 1/2	Dec 17	Amer Ice	1200 40 37 1/2	37 1/2	37 1/2
62 1/2	Mar 19	62 1/2	Aug 10	do pf	300 59 1/2	59 1/2	59 1/2
119 1/2	Jan 5	119 1/2	Dec 16	Amer Lumber	100 59 1/2	59 1/2	59 1/2
14 1/2	Jan 22	14 1/2	Nov 16	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
95	Apr 7	95	Nov 22	do pf	500 101 1/2	101 1/2	101 1/2
109 1/2	Apr 8	109 1/2	Dec 16	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
73	Nov 11	73	Dec 16	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
177 1/2	Nov 11	177 1/2	Dec 16	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
30 1/2	Jan 5	30 1/2	Dec 18	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
100 1/2	Jan 3	100 1/2	Dec 18	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
103 1/2	Jan 3	103 1/2	Dec 18	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
113 1/2	Jan 3	113 1/2	Dec 18	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
125 1/2	Jan 3	125 1/2	Dec 18	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
63 1/2	Jan 10	63 1/2	Dec 15	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
142 1/2	Jan 10	142 1/2	Dec 15	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
118 1/2	Jan 7	118 1/2	Dec 17	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
106 1/2	Jan 22	106 1/2	Nov 19	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
100 1/2	Jan 18	100 1/2	May 22	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
283 1/2	Jan 5	283 1/2	Aug 12	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
97 1/2	Jan 7	97 1/2	May 20	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
210	June 29	210	Aug 12	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
107 1/2	Jan 9	107 1/2	Dec 15	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
165	Jan 23	165	Dec 17	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
105 1/2	Jan 23	105 1/2	Dec 17	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
213 1/2	Jan 10	213 1/2	Dec 14	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
95 1/2	Jan 9	95 1/2	Dec 15	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
66 1/2	Jan 3	66 1/2	Dec 18	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
34	Sept 22	34	May 20	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
63 1/2	Jan 15	63 1/2	Aug 9	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
67 1/2	Jan 3	67 1/2	Dec 17	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
75 1/2	Jan 3	75 1/2	Dec 17	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
75 1/2	Jan 3	75 1/2	Dec 17	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
50 1/2	Nov 5	50 1/2	Feb 11	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
82 1/2	Jan 3	82 1/2	May 20	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
104 1/2	Jan 3	104 1/2	May 20	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
20 1/2	Aug 12	20 1/2	Dec 17	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
176 1/2	Jan 7	176 1/2	Nov 26	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
76 1/2	Jan 5	76 1/2	Dec 10	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
107 1/2	Jan 9	107 1/2	Dec 15	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
114	Feb 7	114	Feb 7	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
22 1/2	Nov 1	22 1/2	Dec 18	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
24	May 27	24	Dec 17	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
82 1/2	June 16	82 1/2	Dec 17	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
30 1/2	Jan 15	30 1/2	Dec 18	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
30 1/2	Jan 15	30 1/2	Dec 18	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
148 1/2	Apr 9	148 1/2	Dec 13	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
102 1/2	Jan 5	102 1/2	Dec 17	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
49 1/2	Oct 15	49 1/2	Feb 8	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
50 1/2	Mar 25	50 1/2	Aug 18	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
43 1/2	Mar 17	43 1/2	June 4	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
93	Jan 8	93	Dec 14	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
154 1/2	June 19	154 1/2	Nov 20	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
117	Nov 1	117	Dec 20	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
111 1/2	Jan 10	111 1/2	Nov 22	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
13 1/2	Jan 2	13 1/2	Aug 20	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
32 1/2	Apr 2 1/2	32 1/2	Nov 19	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
102 1/2	Jan 5	102 1/2	Dec 17	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
102 1/2	Jan 5	102 1/2	Dec 17	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
114	Jan 10	114	Dec 13	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
15	Jan 10	15	Dec 13	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
96 1/2	Apr 1	96 1/2	Oct 4	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
27 1/2	Jan 5	27 1/2	Dec 18	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
13 1/2	Mar 15	13 1/2	May 12	Amer Locomotive	1400 82 1/2	82 1/2	82 1/2
65	Oct 2						